REMARKS

In response to the Office Action dated May 24, 2004, Applicants respectfully request reconsideration and withdrawal of the rejections of the claims.

In the Office Action, the previous rejections of the claims were maintained, wherein claims 1-5, 7-15 and 17-24 were rejected on the grounds that they were considered to be anticipated by the Tamada et al patent, and claims 6 and 16 were rejected over a combination of the Tamada and Asad patents. For the reasons set forth in Applicants' previous response, it is respectfully submitted that the Tamada patent does not anticipate, nor otherwise suggest, the claimed invention.

As noted in the background portion of the application, one of the aims of the claimed invention is to ensure that smart-card reading terminals are not employed for uses outside of the applications to which they are dedicated. In accordance with the invention, this objective is achieved by counting the number of times that a request is made to the terminal to execute sensitive operations. In the disclosed embodiment of the invention, this counting is performed by a counter management program within a removable security circuit. When the counted number of sensitive operations requested of the terminal reaches a maximum value, the operation of the terminal is restricted. For example, the terminal may be permitted to perform non-sensitive operations that do not involve security concerns. However, the performance of sensitive operations is inhibited, until the count is re-initialized. Thus, the present invention focuses upon requests that are made of the *terminal*, and operates to restrict the operation of the terminal when certain conditions are present.

In contrast, the Tamada patent is concerned with the execution of a specific program on an IC card. Each time the program is to be run, an execution counter is

incremented. When the value of that counter reaches a predetermined value, the execution of the program is prohibited.

Claim 1 recited, among other elements, the step of counting the number of times a request is made to "the terminal" to execute sensitive operations. The Office Action apparently considers Tamada's teaching of the counting of the number of times a program is executed as corresponding to this claimed step. However, the counter of the Tamada patent does not count the number of times that a request is made to "the terminal," i.e., a given terminal, to execute sensitive operations. Rather, the counter is only responsive to the number of times that the *IC card* executes the program. The count is independent of the particular terminal with which the IC card is communicating. Thus, it may be the case that the IC card is connected to a different terminal each time the specific program is executed. Consequently, the value stored in the execution counter would not indicate the number of times that a request is made to a given terminal, i.e., "the terminal" as recited in claim 1. It only provides information pertaining to the operation of the IC card.

For at least the foregoing reason, therefore, it is respectfully submitted that the Tamada patent does not anticipate the subject matter of original claim 1. Nevertheless, in an effort to advance the prosecution of the application, claim 1 has been amended to recite that the counting of the number of times that a request is made to the terminal occurs "externally of the smart card." It is respectfully submitted that the Tamada patent cannot be interpreted to anticipate, or otherwise suggest, the subject matter of claim 1, as amended.

A further distinguishing feature of the invention, recited in claims 7 and 17, for example, is the step of re-initializing the counted number of requests by a secure procedure that includes verification of a secret code by the terminal or a security circuit. In rejecting these claims, the Office Action refers to the Tamada patent at column 2, lines 32-44, and column 3, lines 29-37. The cited passage at column 2 does not contain any disclosure relating to the re-initialization of the execution counter. In column 3, the patent discloses that the execution counter can be cleared by interrupting the power to the terminal. The clearing of the counter functions to re-initialize it, and thereby permits the specific program to be executed an indefinite number of times.

However, this type of operation is not the same as that which is recited in claims 7 and 17. Turning the power to the terminal off and on does not involve any secure procedures, and therefore does not effectively prevent fraudulent operations. In contrast, claims 7 and 17 recite that the re-initialization is accomplished by means of a secure procedure that includes a verification of a secret code. Simply turning the power to the terminal off and on does not meet this claimed recitation. Accordingly, it is respectfully submitted that claims 7 and 17, as well as their dependent claims 8, 9, 18 and 19, are not anticipated by the Tamada patent.

Another feature of the invention, recited in claims 11, 21 and 24, is that, when the action of the terminal is restricted, only some of the operations of the planned transaction are prevented. In the disclosed embodiment, for example, non-secure transactions, such as checking account balances, can still be performed. In rejecting these claims, the Office Action refers to the Tamada patent at column 2, lines 54-62 and column 4, lines 10-25. It is not apparent, however, how these portions of the

patent are being interpreted to anticipate the claimed subject matter. The overall teaching of the Tamada patent is that, once the number of executions of a program reaches a predetermined value, further execution of that program is prohibited, in its entirety. There is no disclosure that some of the operations performed by the program can still be carried out, while others are prevented. Rather, the patent only discloses an all or nothing approach. For this additional reason, therefore, it is respectfully submitted that the subject matter of claims 11, 21 and 24 is not anticipated by the Tamada patent.

In view of the foregoing, it is respectfully submitted that all pending claims are allowable over the Tamada patent, whether considered by itself or in combination with the Asad patent. Reconsideration and withdrawal of the rejections are therefore respectfully requested.

Respectfully submitted,

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